

Housing Finance Agency

www.dchfa.org

Description	FY 2004 Actual	FY 2005 Approved	FY 2006 Proposed	% Change from FY 2005
Operating Budget	\$0	\$6,083,473	\$6,069,565	-0.2%

The mission of the Housing Finance Agency (HFA) is to stimulate and expand homeownership and rental housing opportunities for low and moderate-income families in the District of Columbia.

HFA was established in 1979 as a corporate body with a legal existence separate from the government of the District of Columbia to stimulate and expand homeownership and rental housing opportunities for low and moderate-income families in the District. The HFA issues tax-exempt mortgage revenue bonds to lower the cost of financing single-family housing and the costs of acquiring, constructing, and rehabilitating rental housing. In addition, the HFA issues taxable bonds and 4 percent low-income housing tax credits to achieve its affordable housing preservation, rehabilitation and development objectives.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Finance those development projects within its investment niche that preserve, rehabilitate and produce affordable housing for at-risk and very low to middle-income persons.
- Continue to fund units of affordable housing for optimal community investment with millions of dollars in taxable and tax-exempt bonds.
- Provide homeownership counseling to approximately 2,000 borrowers and expand homebuyer seminars and workshops.
- Solidify the HFA's investment niche by work-

ing closely with stakeholders, the Mayor, Council, and government agencies to determine how the HFA can more effectively use its resources to help leverage other District dollars for neighborhood development.

The **Housing Finance Agency** offers below market financing for first-time homebuyers, current homeowners, and multi-family developers by issuing tax-exempt mortgage revenue bonds to lower the cost of financing multi-family developments and single-family homeownership.

Gross Funds

The proposed budget is \$6,069,565, representing a decrease of \$13,908 or 0.2 percent from the FY 2005 approved budget of \$6,083,473. This budget supports no District FTEs because HFA employees do not come under the District's merit personnel system. The budget is comprised entirely of Special Purpose Revenue funds.

General Funds

Special Purpose Revenue Funds. The proposed budget is \$6,069,565, a decrease of \$13,908, or 0.2 percent from the FY 2005 approved budget of \$6,083,473. This decrease is taken to align the agency's budget with projected revenues. There are no District FTEs, unchanged from FY 2005.

Funding by Source

Tables HF0-1 shows the sources of funds and FTEs by fund type for the Housing Finance Agency.

Table HF0-1

FY 2006 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
Special Purpose Revenue Fund	0	0	6,083	6,070	-14	-0.2
Total for General Fund	0	0	6,083	6,070	-14	-0.2
Gross Funds	0	0	6,083	6,070	-14	-0.2

Expenditures by Comptroller Source Group

Table HF0-2 shows the FY 2006 proposed budget for the Housing Finance Agency at the Comptroller Source Group level (Object Class level).

Table HF0-2

FY 2006 Proposed Operating Budget, by Comptroller Source Group

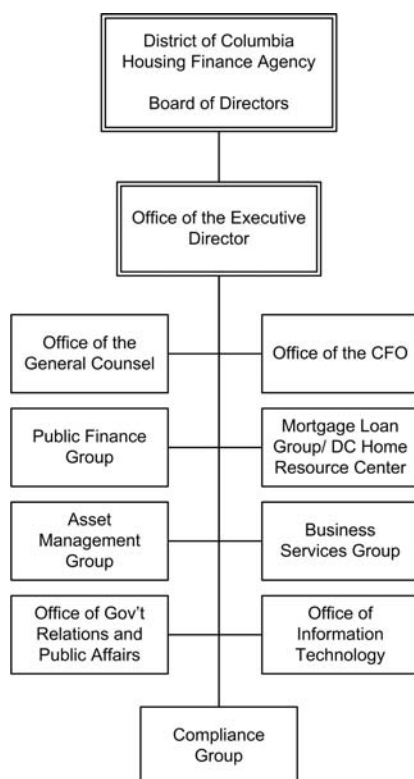
(dollars in thousands)

Comptroller Source Group	Actual FY 2003	Actual FY 2004	Approved FY 2005	Proposed FY 2006	Change from FY 2005	Percent Change
11 Regular Pay - Cont Full Time	0	0	3,404	3,430	26	0.8
12 Regular Pay - Other	0	0	94	97	3	3.4
13 Additional Gross Pay	0	0	62	50	-12	-19.9
14 Fringe Benefits - Curr Personnel	0	0	781	759	-22	-2.8
15 Overtime Pay	0	0	18	0	-18	N/A
Subtotal Personal Services (PS)	0	0	4,359	4,335	-24	-0.5
20 Supplies and Materials	0	0	75	75	-1	-0.8
30 Energy, Comm. and Bldg Rentals	0	0	86	76	-10	-11.6
31 Telephone, Telegraph, Telegram, Etc	0	0	42	34	-9	-20.2
33 Janitorial Services	0	0	45	45	0	-0.5
34 Security Services	0	0	2	2	-1	-31.9
40 Other Services and Charges	0	0	849	889	40	4.7
41 Contractual Services - Other	0	0	133	78	-56	-41.9
70 Equipment & Equipment Rental	0	0	284	324	40	14.3
80 Debt Service	0	0	206	212	6	2.7
Subtotal Nonpersonal Services (NPS)	0	0	1,724	1,734	10	0.6
Total Proposed Operating Budget	0	0	6,083	6,070	-14	-0.2

Note - The agency presents its budgeted revenues and expenditures for the purpose of reporting. However, as a proprietary fund, under the current financial accounting structure, the agency's actual revenues and expenditures are not tracked in the District's System of Accounting and Reporting (SOAR) and may not be shown in this chart or in the Comprehensive Annual Financial Report (CAFR).

Figure HF0 - 1

Housing Finance Agency



- During FY 2006, the HFA will continue its reorganization and strengthen its compliance functions by adding an audited financial statements reviewer position in the agency's compliance division.

Programs

The **Housing Finance Agency** packages a variety of financial services, including below market interest rates for first time homebuyers, and current homeowners. The HFA also funds multi-family developers by issuing tax-exempt and taxable mortgage revenue bonds, McKinney Act Funds and 4 percent low-income tax credits to lower the cost of financing multi-family developments.

The **Housing Finance Agency** is committed to the following programs:

Multi-Family Development

The Housing Finance Agency packages a variety of financial services, including below market interest rates for first time homebuyers, and current homeowners. The HFA also funds multi-family devel-

opers by issuing tax-exempt and taxable mortgage revenue bonds, McKinney Act Funds and 4 percent low-income tax credits to lower the cost of financing multi-family developments.

In FY 2004, the HFA secured \$221,080,000 in bond volume cap and secured \$5,600,000 of subsidy layering funds from DHCD. Funding was approved for all of the D.C. Housing Authority's redevelopment initiatives and three of DHCD's housing developments that required bond financing. The HFA closed four multifamily transactions totaling \$71,500,000 in community investments that resulted in the production and preservation of 524 affordable housing units. The agency financed a total of \$36,100,000 for the following housing developments:

- \$13,200,000 for 1330 7th Street
- \$9,900,000 for Congress Park II
- \$5,200,000 for J.W. King Seniors Housing
- \$7,800,000 for Savannah Heights Apartments

Single Family Development

The HFA provides home-buying education and financial/credit counseling through its Home Resource Center. Information is available on financing options, city and government home-buying assistance and incentives like the \$5,000 tax credit, tax abatements, the Home Purchase Assistance program (HPAP), and other programs. HPAP and EPAP are administered via contract with NACA beginning January 2005 to help with closing costs and many other incentives for the homebuyer.

Because of the low mortgage rate environment and the continued fluctuation in mortgage loan rates, the HFA originated no in-house mortgage loans during FY 2004. Through FY 2006, the HFA hopes to provide low cost mortgage funding to District homebuyers through its low rate and assisted rate (which includes down payment and closing cost assistance) Single Family Mortgage Program. This, however, is dependent upon the earnings spread between tax-exempt mortgage rates and market mortgage rates increasing, an unlikely scenario according to economic analysts who expect mortgage rates will not rise very much this year.

The Home Resource Center shifted its focus to homeownership counseling and community outreach. Staff provided homeownership counseling to more than 2,000 individuals and held hundreds of free workshops, an effort that the HFA will continue through FY 2006.

Agency Goals and Performance Measures

Goal 1: Stimulate and expand homeownership and rental housing opportunities for low- and moderate-income families in Washington, D.C.

Citywide Strategic Priority Area(s): Building Safer Neighborhoods

Manager(s): Kamilah Parker, Director of Public Finance

Supervisor(s): Milton J. Bailey, Executive Director

Measure 1.1: Add new rental units to the District's housing stock

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	2,644	1,793	2,512	1,474	1,620
Actual	2,150	524	-	-	-

Note: FY 2006 target modified from 1800 to 1474 at agency request (2/16/05).

Measure 1.2: Add new (new construction and vacant) units to the District's housing stock

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	361	300	200	638	1420
Actual	357	174	-	-	-

Note: HFA increased the FY 2006 target from 100 to 638 (2/16/04).

Measure 1.3: Percentage of multi-family units occupied by District residents whose incomes are at or below 50% of the AMI

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	60	50	60	50	N/A
Actual	38.5	78	-	-	-

Note: HFA reported it did not have sufficient information to set a FY 2007 target.

Measure 1.4: Number of single-family and individual home purchases financed

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	299	10	90	0	0
Actual	5	0	-	-	-

Note: HFA decreased its FY 2006 target to 0 from 100 and reported it did not have sufficient information to set a FY 2007 target.